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SECURITY INFORMATION

28 April 1952

US OFFICIALS ONLY

OCI No. 5168
Copy No. 266

CURRENT INTELLIGENCE DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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*Army and State Dept. reviews
completed*

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THIS MATERIAL CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE LAWS, TITLE 18, USC, SECS. 793 AND 794, THE TRANSMISSION OR REVELATION OF WHICH IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

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GENERAL

1. USSR and Hungary fail to participate in Milan international trade fair: The USSR has declined to participate in the annual international trade fair now in progress in Milan, where 45 nations are represented. Czechoslovakia and Poland are the only Satellites participating. Although Hungary applied for display space, it failed to present an exhibit. (R Milan 154, 24 Apr 52; R Milan Desp 277, 25 Mar 52; R FBIS 7 Apr 52)

STAT

Comment: The Soviet refusal to take part in the fair is in sharp contrast to propaganda at the recent Moscow Economic Conference in favor of increased East-West trade. The USSR may fear a repetition of last year's fiasco, when only its vodka exhibit found favor with the Italians.

Hungary's non-attendance may result from its desire to conserve hard currency which would have to be expended at the exhibit for rentals. Czechoslovakia's presence may possibly be explained by Italian interest in quality goods; Poland's by its anxiety to sell coal in exchange for strategic goods from the West.

2. Preparatory meeting to be held in Peiping for peace conference: The All-India Peace Council in Bombay announced that a preparatory meeting would be held in Peiping on 28 May to plan an Asian and Pacific region peace conference to be held in Peiping sometime this year. (U New Delhi 3891, 23 Apr 52)

SOVIET UNION

3. Austrian officials expect new Soviet move: As a result of a curious conversation with Soviet Political Representative Kudryavtsev, Austrian Foreign Minister Gruber has the impress-

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ion that the Soviet officials in Austria are planning some kind of move and are awaiting final instructions from Moscow.

At the same time, Austrian Minister of Interior Helmer reports that there is considerable commotion and excitement in the Soviet garrisons which may be connected with the controversy between Austrian and Soviet officials on a Russian request for additional telephone line service.

The US Embassy suggests caution in an interpretation of the foregoing information, as Gruber and Helmer are both inclined to read military significance into Soviet moves. (S Vienna 3374, 24 Apr 52)

4. Intourist restricts ticket sales to foreigners: An American Embassy official in Moscow attempting to arrange a trip to Stavropol was informed that no tickets were available and that henceforth Intourist will sell tickets only to points in the USSR where it has representatives. (C Moscow 1737, 24 Apr 52)

Comment: Although this excuse for prohibiting travel to unrestricted zones has been occasionally encountered by foreigners in the past, it is possible that Soviet officials may now choose to utilize it extensively as it affords them legalistic sanction to reduce progressively the travel of foreigners in officially open areas. The mere statement of the absence of an Intourist representative at the desired destination point is a much simpler control system than the clumsy and devious methods usually employed.

EASTERN EUROPE

5. Albania receives technical aid from Bulgaria: The Albanian-Bulgarian trade agreement, which was signed in Sofia on 1 April, emphasized technical collaboration between the two countries by expediting the engagement of 50 Bulgarian textile and construction engineers to work in Albania. According to the French Embassy in Athens, which provided this information, they are to receive half their basic pay in Bulgarian currency deductible from the joint clearing account. Rumors that a sizable Bulgarian military mission is on the way to Tirana are unconfirmed. (S Athens 4606, 24 Apr 52)

Comment: The Albanian News Bulletin in Rome published a report in February that Bulgarians and others were going soon

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to Albania to replace the Russian mission. Czechoslovak, Hungarian, Rumanian and Bulgarian technicians have been employed in small numbers in Albania for at least two years. However, there is as yet no firm indication that the Russian mission has been measurably reduced.

6. Bulgaria to construct first metallurgical plant for ferrous metals: According to a decree issued jointly by the Ministerial Council and the Central Committee of the Bulgarian Communist Party, Bulgaria's first state-owned metallurgical plant for ferrous metals will be constructed during 1952-53. The plant, which is scheduled to be completed by the summer of 1953, will be located in the Sofia area. The construction of the plant is considered to be "a task of first importance both to the party and to the nation," and will require for its fulfillment a "full mobilization of effort on the part of the workers, engineers, and technicians of Bulgaria." (R FBIS 24 Apr 52)

STAT

Comment: The creation of a metallurgical industry is a part of the Five-Year Plan, which, according to Bulgarian announcements, will be fulfilled by the end of 1952. Bulgarian supplies of raw materials, except for metallurgical coking coal, are probably sufficient to support a small steel industry.

Although the Bulgarian Ministries of Heavy Industry and Construction failed to fulfill their plans for capital construction during 1951, heavy publicity given to the "labor heroism and unheard of speed" manifested by workers engaged in the construction of the Dimitrovgrad power and chemical complex served effectively to overshadow serious failures registered in other sectors of the economy. The unusual emphasis given to this new project suggests that it might serve a similar propaganda function during 1952. For this purpose, it is possible that the metallurgical plant, like the Dimitrovgrad project, might be hurried to completion well ahead of schedule.

7. Rumanians release convicted Italian priest: The American Legation in Bucharest has been informed by the Italian Minister there that the Rumanian Government on 14 April released Father Clemente Gatti without ransom. He is now in Vienna undergoing medical treatment before proceeding to Rome.

The Legation suggests that the priest's release is a good will gesture on the eve of the arrival in Rome of a new Rumanian Minister, but it may also be due to Gatti's poor health. (C

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Bucharest 401, 17 Apr 52)

Comment: Father Gatti was sentenced to 15 years' imprisonment for "espionage" following a public trial in Bucharest in September 1951. At the same time, Eraldo Pintori, an employee of the Italian Legation in Bucharest, was sentenced to life imprisonment. The Italian Government is still negotiating for Pintori's release and has allowed shipment of a strategic grinder to Rumania to further the negotiations.

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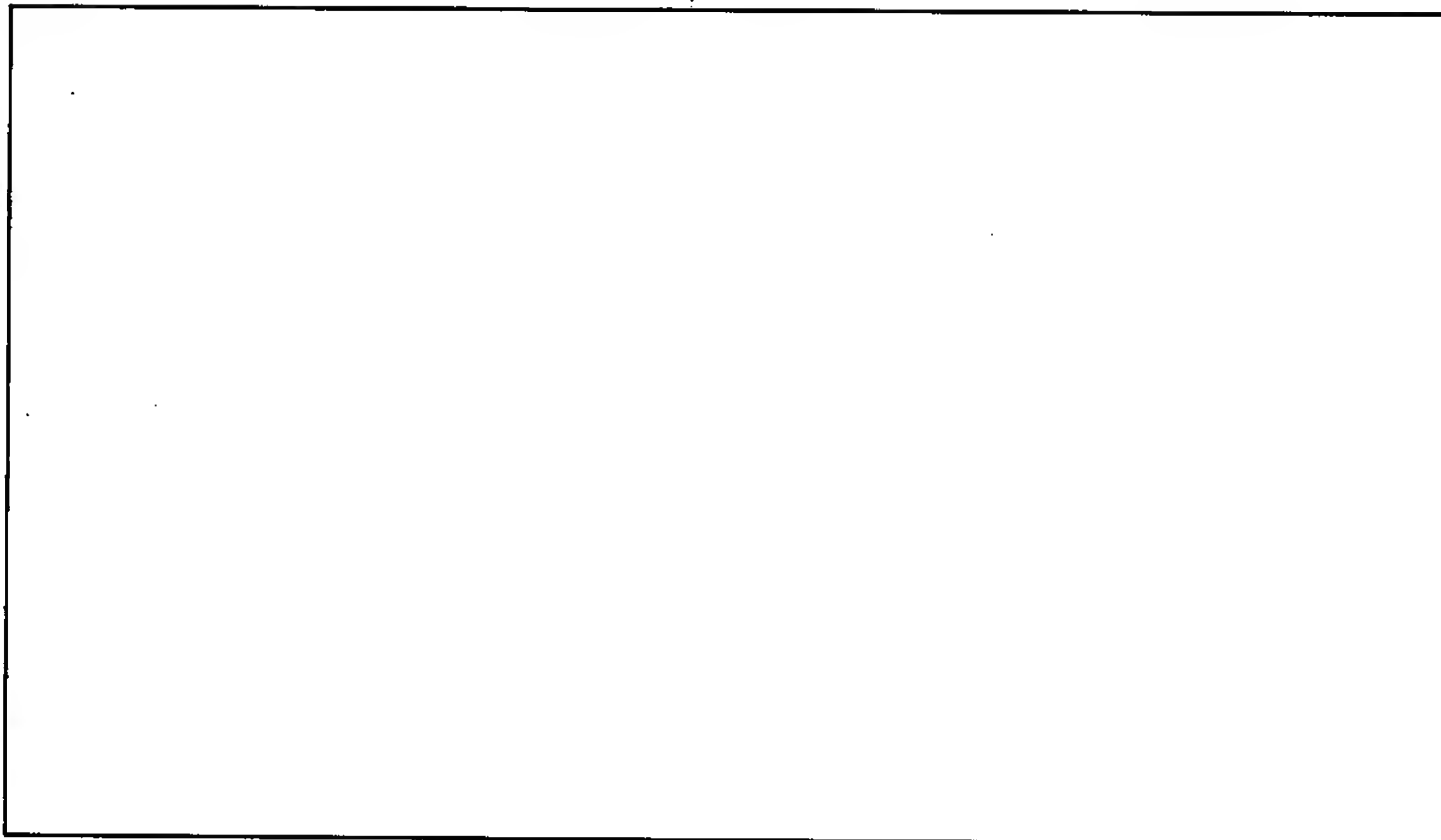
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FAR EAST

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9.

Vehicle sightings in North Korea approach record high:
The Far East Command reports that enemy vehicle sightings in North Korea during the week 19 - 25 April totaled 24,142, double that of the preceding period and the second highest weekly total on record. Southbound traffic comprised 59 percent of the sightings, a relatively low figure, although an increase over the previous week. Sixty-one percent of the sightings were south of the 39th parallel, which is above recent averages.

Communist traffic reached a new weekly high on the road between Pyongyang and Sariwon in western Korea, and heavy traffic was noted on the route from Wonsan to Chorwon in the east and central sector. (S CINCFE Telecon 5776, 26 Apr 52)

Comment: The enemy has maintained a consistently high level of supply movement throughout the cease-fire talks, resulting in a greatly improved position in supplies and personnel.

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10. 25X1C American POWs reported in Chekiang: [redacted]
[redacted] 35 American POWs are held at a camp in Chekiang Province. [redacted]

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Comment: Hundreds of the several thousand American troops captured in Korea have reportedly been moved to camps in Manchuria and China proper for further interrogation and indoctrination, possibly with a view to propaganda exploitation of disaffected persons.

There is no reliable information on the location of the camps or the current activities of the prisoners.

11. Chang Ching-wu's reported visit appears doubtful: The US Embassy in New Delhi cannot confirm reports that General Chang Ching-wu, senior Chinese representative in Tibet, is en route to India to discuss economic and political questions involving China, India and Tibet. The Indian Ministry of External Affairs says that it has received no application for a visa for General Chang, and that the matter of his visit has not been broached by Chinese officials in any way. (S New Delhi 3933, 25 Apr 52)

Comment: As General Chang would be unlikely to appear in New Delhi without making previous arrangements with Indian officials, the Ministry's statement casts doubt upon a 17 April report of Chang's expected arrival, which later appeared in the Indian press. A discussion of Tibetan problems between top-level Indian and Chinese representatives, however, may be arranged at any time.

NEAR EAST - AFRICA

12. Iranian Under Secretary of Finance pessimistic over Iran's financial future: Ambassador Henderson in Tehran reports that the Under Secretary of Finance appears to have no idea how his government can solve its financial problems. Discussing the situation with the Ambassador on 23 April, the Under Secretary stated that the government's current plans for reducing expenditures and gaining new revenues were "utterly inadequate." He said that the Majlis would never approve the government's plan for expanding the note

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issue and asked the Ambassador "what are your plans for helping us?" (C Tehran 4074, 24 Apr 52)

Comment: Although Mossadeq has not directly asked for American financial assistance since his February request was refused, his ministers have often spoken to the American Embassy about Iran's desperate financial situation.

Iranian officials have tried particularly to stimulate aid by arousing United States concern over possible Soviet control of Iran. The Under Secretary's question is another illustration of the widespread Iranian feeling that the United States will eventually give them financial aid.

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13. Egypt may take Suez dispute to UN: [REDACTED]

25X1

[REDACTED] Prime Minister Hilali Pasha may take the Anglo-Egyptian dispute to the United Nations if he decides that "negotiations with the British are fruitless." [REDACTED]

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Comment: In 1947, Egypt tried without success to obtain a Security Council decision against Britain. Any new attempt by the Egyptian Government to obtain a UN solution of the dispute would probably be made in the General Assembly.

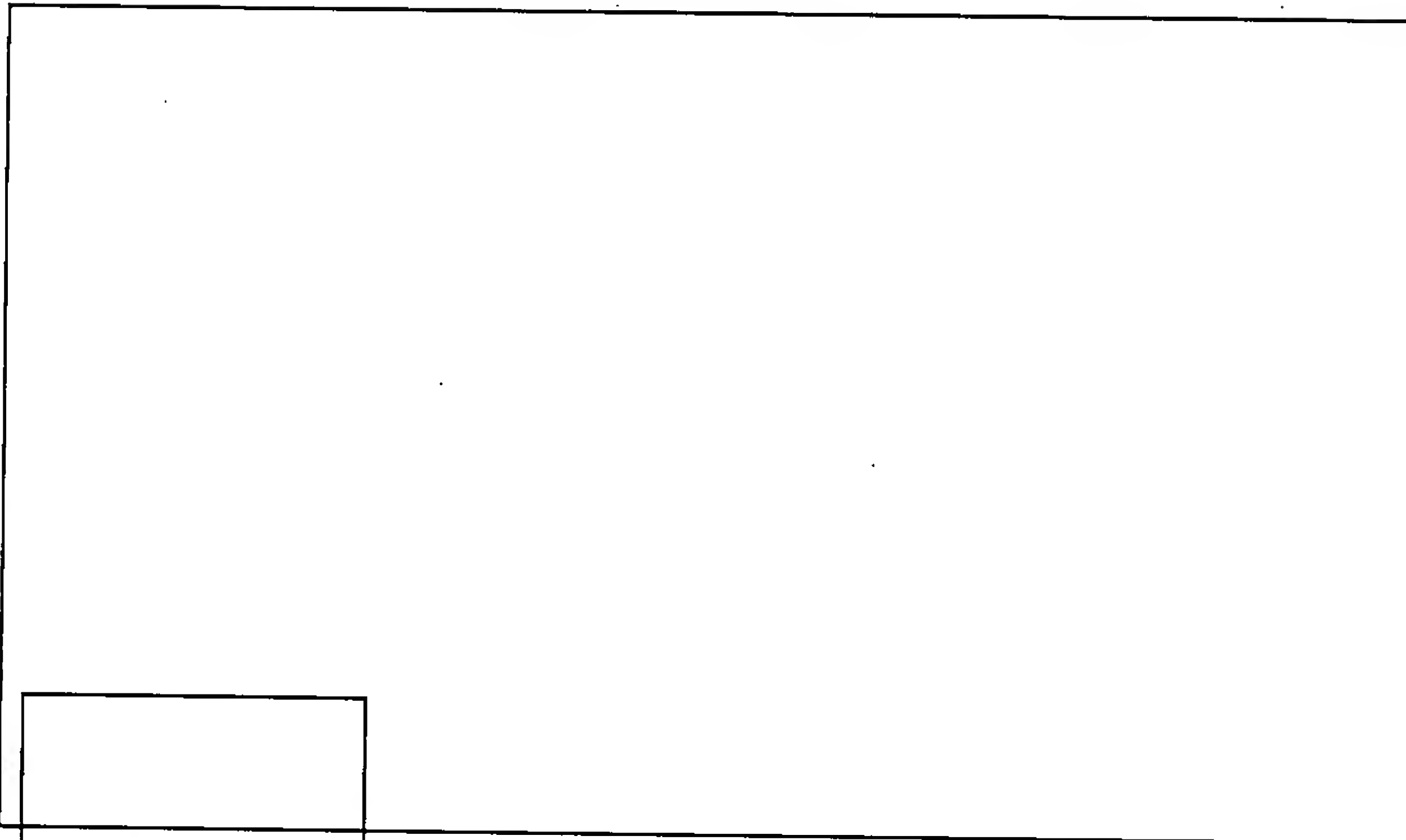
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WESTERN EUROPE

14.



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15.

Prospects for French ratification of EDC seen improving:
On the basis of an "extensive inquiry" just concluded, the American Embassy in Paris reports that the French National Assembly is taking a somewhat more favorable attitude toward the European Defense Community, in particular because of the Soviet Union's advocacy of a new German Army.

A crucial remaining issue is the hoped-for assurances from the United States and Britain against a break-up of the community because of the withdrawal of any member. Opponents of the community find their best campaign issue in the popular confusion over the nature and extent of the expected American and British commitments.

While Socialist leader Guy Mollet can now be expected to defend the treaty, although without enthusiasm, at his party's congress opening 22 May, the question remains whether enough deputies will consider that the US and British assurances are sufficient. (C Paris 6565, 25 Apr 52)

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Comment: The French Government obtained a scant vote of confidence in February on the European Defense Community plan, with reservations designed to placate the Socialists. The vote was obtained on the strength of a promise by Foreign Minister Schuman that he would seek not only declarations by the American and British Governments but also "legal and political commitments" from the parliaments of those countries.

16.

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LATIN AMERICA

17.

Chilean copper workers at two large mines on strike: The workers at Anaconda's important Chuquicamata and Potrerillos copper mines in Chile went out on strike after approving the action of the Confederation of Copper Workers (CTC) in wage negotiations.

The president of the CTC admitted that he did not plead too strongly for arbitration by President Gonzalez Videla. He feels that the strike will strengthen his bargaining position and consolidate his control of the workers. Negotiations are at a standstill. (C Santiago 559, 26 Apr 52)

Comment: The results of last June's copper strike provide a measure for estimating the effect of the current strike. Each week's stoppage caused a production loss of about 3,319 metric tons of bar copper at Chuquicamata, and 651 metric tons at Potrerillos.

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18. WFTU undertakes organization of food industry workers in Latin America: A regional conference of Latin American workers is planned in 1952 by the International Union of Workers in the Food, Tobacco, and Beverage Industries and Hotel, Cafe, and Restaurant Workers, [REDACTED] 25X1C

25X1C

In preparation for the conference, the International Union will study working conditions in the various food industries of Cuba, Brazil, Argentina, Uruguay, Mexico, and Guatemala. At a meeting of the Executive Bureau of the International Union, scheduled for Warsaw in July, an Administrative Committee member will be designated to visit Latin America to draw up a budget for the conference, to set a place and a date for it, and to make other preparations. [REDACTED]

Comment: The WFTU, of which the International Union is an agency, sponsored Latin American regional conferences of farm workers and of transportation workers in 1951. The currently planned conference of workers is part of the WFTU's long-term plan to extend its influence through the formation of regional branches of its component trade unions. 25X1A

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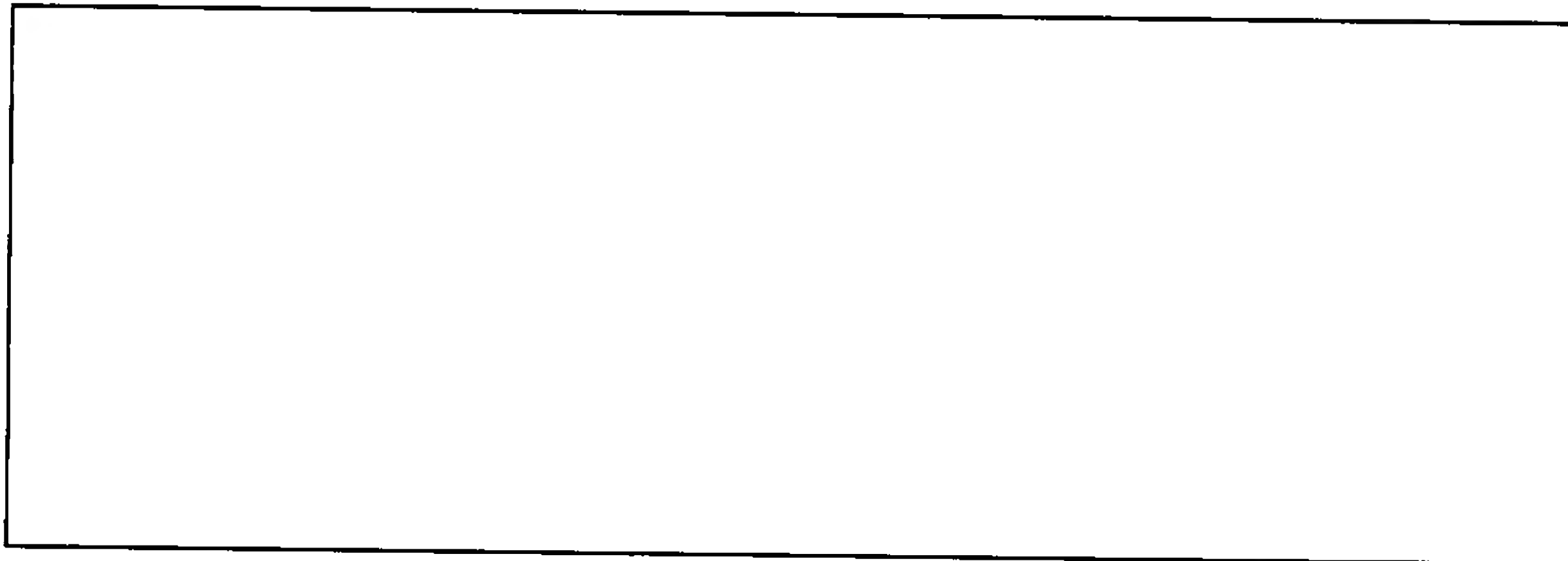
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FAR EAST

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2.

Rhee defies ROK National Assembly by appointing acting Prime Minister: According to the US Embassy in Pusan, President Rhee announced on 25 April that he had appointed Yi Yon-yong as acting Prime Minister. This "surprise announcement" followed Rhee's 24 April statement that, in deference to the National Assembly's desire to fill the Prime Ministership promptly, he had nominated Chang Taek-sang to be permanent Prime Minister.

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Ambassador Muccio says that Yi has filled several posts in [redacted] and has been twice rejected for the Prime Ministership by the legislature. He notes that the reasons for Yi's appointment have given rise to new speculation about Rhee's motives. (S S/S Pusan 1038, 25 Apr 52)

Comment: The South Korean legislature on 19 April passed a special resolution to deter Rhee from appointing an acting Prime Minister, whose appointment, unlike a permanent one, is not subject to Assembly concurrence. This latest action by

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Rhee will irritate the already strained relations between him and the Assembly.

SOUTH ASIA

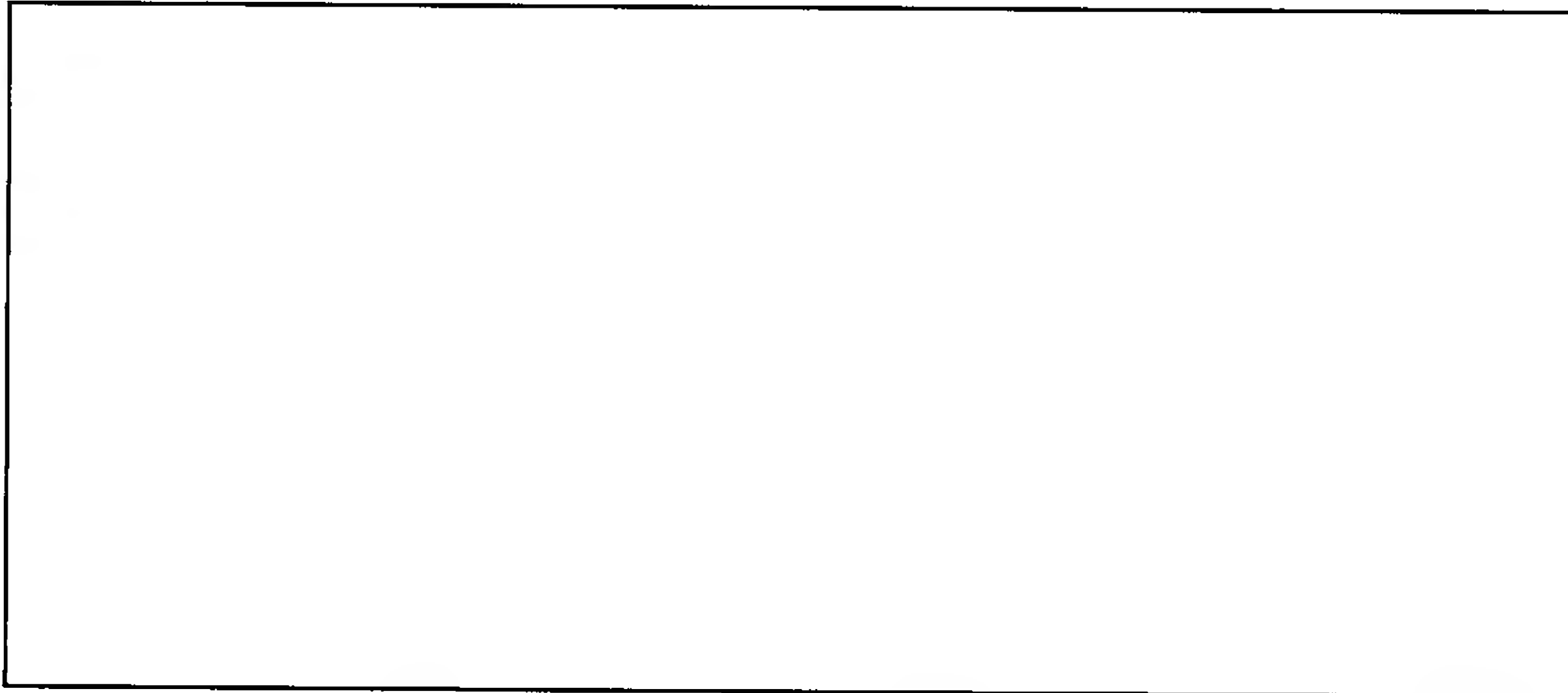
3. India will need extensive external assistance in 1952-53: Ambassador Bowles reports that India's need for external assistance during the coming fiscal year will be between 260 and 285 million dollars, and that all but about 25 million must come from the United States.

He states that the present Indian Government is unlikely to survive if it fails to meet the goals of its current five-year plan, adding that no one in New Delhi believes these goals can be met without foreign aid. (C S/S New Delhi 3921, 24 Apr 52)

Comment: The above figures emphasize again the magnitude of the task facing the Indian Government in achieving economic stability. They also suggest that last year's 190 million dollar loan to India for the purchase of wheat was merely the first of a series of similar requests to be expected in the future.

NEAR EAST-AFRICA

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WESTERN EUROPE

5. Drees believes French and German ratification of EDC treaty in doubt: Dutch Prime Minister Drees is not hopeful that France and Germany will ratify the European Defense Community treaty. He states, however, that once the treaty is signed, the Dutch Parliament will ratify it.

Drees does not feel that the outstanding issues in the Defense Community conference will cause any difficulties. He believes, however, that a deadline around 20 May for the signing of the treaty is the earliest that can be met. (S S/S The Hague 1126, 22 Apr 52)

Comment: The problems still facing the conference include French pressure for firm American assurance against German secession from the organization, Britain's relationship to the community, the organization of the European Defense Forces, and the size and cost of the German military contribution.

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